

**ASSEMBLY BILL**

**No. 1285**

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**Introduced by Assembly Member Parra**

February 23, 2007

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An act relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1285, as introduced, Parra. Taxation: the California Clean Equipment and Technology Investment Initiative of 2007.

The Personal Income Tax, the Corporation Tax, and the Sales and Use Tax laws authorize various credits, deductions and exemptions from the taxes imposed by those laws.

This bill would declare the intent of the Legislature to enact the California Clean Equipment and Technology Investment Initiative of 2007, for taxable years beginning on or after January 1, 2008 and before January 1, 2014, to exempt from the sales and use taxes the purchases of specified manufacturing equipment and to allow a deduction from, or credit against, the taxes imposed by the income and corporation tax laws for research and development expenses of new products and technology designed, or used for, the purpose of reducing greenhouse gas emissions, as provided.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. (a) It is the intent of the Legislature to enact the
- 2 California Clean Equipment and Technology Investment Initiative

1 of 2007, for taxable years beginning on or after January 1, 2008  
2 and before January 1, 2014, to create all of the following:

3 (1) An exemption from the state sales and use taxes for  
4 purchases of manufacturing equipment used primarily, 50 percent  
5 or more, within this state to manufacture products that are designed,  
6 or may be used, for the purpose of reducing greenhouse gas  
7 emissions.

8 (2) An exemption from the state sales and use taxes for  
9 purchases of California-manufactured products that are designed,  
10 or may be used, for the purpose of reducing greenhouse gas  
11 emissions and that will be used for commercial operations within  
12 this state.

13 (3) An exemption from the income and corporation taxes for  
14 research and development expenses incurred in connection with  
15 developing new products or technology, or improving existing  
16 products or technology, that are designed, or may be used, for the  
17 purpose of reducing greenhouse gas emissions.

18 (b) The Legislature declares that the California Clean Equipment  
19 and Technology Investment Initiative of 2007 is intended to  
20 facilitate some companies' early efforts to reduce greenhouse gas  
21 emissions far in advance of the 2020 deadline, set forth by Chapter  
22 488 of the Statutes of 2006, and to encourage investments, job  
23 growth, and overall economic development in manufacturing and  
24 research of clean equipment and technology within this state.